

HAMPSHIRE COUNTY COUNCIL

Report

Committee	Children and Young People Select Committee
Date:	6 December 2024
Title:	Education Catering - Service Delivery Options Review
Report From:	Director of Children's Services

Contact name: Shaun Le Picq

Email: shaun.lepicq@hants.gov.uk

Purpose of this Report

1. The purpose of this report is to outline the financial pressures for the in-house Education Catering (EC) service, explain the future service delivery options that have been evaluated and seeks the Children and Young People Select Committee's support for the recommendations being made to the Executive Member for Education.

Recommendation(s)

That the Children and Young People Select Committee support the recommendations being made to the Executive Member for Education, as set out below:

2. That the County Council ceases to provide an in-house EC service and supports schools in providing alternative arrangements to meet schools' statutory responsibility for school meals through a managed outsource of the EC service, with a target outsource completion date of end March 2026.
3. That authority is delegated to the Director of Children's Services, in consultation with the Executive Member for Education and the Head of Legal Services, to make all necessary procurement and contractual arrangements to outsource the EC service.
4. That the County Council provides guidance and advice to those schools which choose not to join the outsourced arrangement on how to procure, or directly provide, a school meals service.
5. That the County Council discontinues the Catering Support Service Level Agreement pooled fund for catering equipment maintenance, repair and replacement from the date that the EC service is outsourced and that the

County Council provides guidance to schools on managing their catering equipment.

6. That the County Council continues to offer the online eligibility checker for income-based free school meals (FSM) as a traded service to schools.
7. That the Director of Children's Services provides the Executive Member for Education with regular monthly briefings on progress with the above recommendations.

Executive Summary

8. This report seeks to explain the financial challenges facing the in-house Education Catering (EC) service, which currently provides school meals and catering equipment maintenance, repair and replacement services to some schools in Hampshire and surrounding local authorities. This is one of a wide range of 'sold services' that the County Council provides to schools.
9. Due to high inflation in recent years particularly for food and staff pay, the EC meal price is higher than the Government meal funding to schools. This is because the funding has not kept pace with rising costs. This has led to a significant loss of business for EC over the last few years as schools seek lower prices from private sector catering suppliers. This loss of business creates diseconomies of scale for EC, and along with continued forecast increases in costs, the service is forecast to be in financial deficit of over £1 million a year.
10. In light of the significant budget pressures faced by the County Council, it cannot afford to carry the financial risk associated with the EC service. EC is increasingly unable to compete effectively in the marketplace, with competitors able to charge schools and parents lower prices due to their lower operating costs (primarily staff terms and conditions, including employer pension costs). EC is therefore no longer commercially viable for the County Council.
11. The report explains that several options have been evaluated for the future delivery of the EC service, but most options have been discounted as they do not sufficiently mitigate the financial risks for the County Council.
12. A formal engagement process was undertaken with existing school customers of the EC service to understand schools' views of the proposal to cease the services provided by EC and of the two remaining viable options of service closure (with schools managing their own catering arrangements) and a managed outsource of the service.
13. The majority of respondents did not agree with the proposals to cease EC services and a majority expressed an interest in joining the managed outsource of the EC service. The engagement also identified some key impacts of the proposals. The main impacts relate to the potential inability of

special schools, smaller and more rural schools to find an alternative supplier (or at least to do so at a reasonable cost/price) and the added burden on schools of responsibility for, and risks of, procuring and managing alternative catering supplier contracts, a lack of capacity and capability to undertake that work and the task being a distraction from schools' core business.

14. Taking account of both the need to mitigate the financial risks to the County Council and to address the impacts that customers have identified in the school engagement, it is recommended that the managed outsource for EC is the preferred option for the County Council to procure on behalf of schools which wish to join that arrangement. This option should also enable schools and parents to pay a lower price for school meals, helping to relieve some financial pressure on school budgets and households.
15. Due to the significant financial pressures of the current catering equipment maintenance, repair and replacement pooled fund service, it is no longer viable to offer this service to schools. Once the EC service is outsourced, schools will retain the funding that they currently pay into the pooled fund and will carry out their own equipment servicing, supported by written guidance from the County Council.
16. The County Council will continue to provide the online eligibility checker for income-based free school meals as a sold service to those schools which choose to purchase it. There are no identified financial risks to the County Council of providing this service as it remains a commercially viable service with clear benefits for schools and Hampshire residents.

Contextual information

17. Schools are responsible for the provision of school meals and must provide a school lunch for pupils who are eligible for free school lunches. Schools in Hampshire use several different arrangements to provide meals, including procuring from the private sector, providing meals with their own catering team or buying the service from the County Council's in-house Education Catering (EC) service.
18. Whilst maintained schools have delegated responsibility for entering into arrangements for providing free school meals, if for any reason the arrangements break down, the duty to provide those meals still ultimately sits with the local authority. However, within that duty there is no requirement for the County Council to provide an in-house school catering service. Further information on the statutory duty for school meals is given in Appendix A.
19. EC is an in-house, self-funding trading unit providing services to schools in Hampshire and neighbouring authorities. As of September 2024, EC provides the following catering services:
 - meals for 369 schools in Hampshire
 - meals for 31 schools in other local authority areas

- meals for 33 Hampshire nurseries/pre-schools
 - catering equipment maintenance, repair and replacement service for 402 schools
 - 506 schools buy into the Free School Meals eligibility checking service
 - non-school business: Calshot Activity Centre residential catering.
20. EC is one of a range of services that the County Council sells to schools generating over £90m of income a year. EC has an annual turnover of £36.7 million and accounts for approximately 40% of total income from schools.
21. The school meals market is becoming increasingly challenging due to the significant cost of inflation on both staff and food in recent years. Since 2014, the National Living Wage has increased by 56% and food inflation has risen by 27%. However, Government funding for Universal Infant Free School Meals (UIFSM) has increased by only 10% since its introduction in September 2014.
22. To cover costs, EC has had to increase the school meal price to £3.00 in June 2023 and to £3.20 in September 2024. The September meal price is 67 pence higher than the current UIFSM funding to schools (£2.53 per meal). Income-assessed free school meals (FSM) are currently funded at £2.58 per meal, although this is 5 pence higher than UIFSM funding, it is 62 pence lower than the EC meal price. Therefore, schools which buy into the EC meals service need to subsidise the provision of school meals from other areas of their school budgets.
23. EC also provides meals for children who do not qualify for free school meals and these are paid for by Hampshire residents also at £3.20 per meal. The financial impact of this meal price on Hampshire families is acknowledged, bearing in mind that private sector school meal caterers in Hampshire schools are usually able to provide meals at a price which is lower than £3.20.
24. Primarily due to the meal price being higher than the meal funding, EC has lost business with 168 schools since April 2022 (including schools who have given notice to leave by September 2025). This is a 34% reduction in customers over 42 months. 139 of these are Hampshire schools, which equates to a 31% loss of business in Hampshire. Some of this loss of business is also due to EC giving notice, or not re-tendering, for schools outside of Hampshire which are no longer commercially viable for the County Council. Further details are shown in Appendix B.
25. Whilst considerable work has been undertaken to reduce EC's operating costs over the last few years, future financial modelling explained below shows that the in-house EC service is no longer commercially viable and is a financial risk for the County Council. An options appraisal of alternative service delivery options has been completed to identify the preferred option for the school meals service.

26. There is currently a mixed economy of school meal provision within Hampshire, with some schools providing the service themselves and there are at least 17 private sector caterers procured by Hampshire schools. EC currently has the largest, but falling, market share in Hampshire primary schools and 23% of the market share in secondary schools. Further market analysis is shown in Appendix C.
27. Recent research by LACA¹ shows that there is a mixed economy of service provision nationally (see Appendix H). 36% of local authorities in England are not involved in the provision of school meals, 41% provide meals to schools through an in-house or arms-length organisation and 23% procure services from the private sector on behalf of schools. This data relates to the preferred option for each local authority. Across the country, it is schools which decide how they will provide their school meals. Therefore, where a local authority provides an in-house school meals service, not all schools will use that service.

Finance

28. As outlined above, there are several factors that are forecast to continue to affect the future financial sustainability of EC including:
- Further significant increases in the cost of food and staff.
 - The number of schools that choose to leave EC and source their meals elsewhere, thereby reducing income and economies of scale for EC.
 - The profile of schools leaving EC sooner e.g. if the most economically viable and larger schools leave first, this increases the financial risks and viability for the in-house service.
 - Continued underfunding of the Government funding to schools for both UIFSM and FSM.
29. Financial modelling has been undertaken based on pessimistic, realistic and optimistic assumptions of the income and costs for EC over the next few years. Table 1 below shows the forecast financial deficits to 2028/29. All options forecast a financial deficit each year, with the realistic option forecasting a £1.7m annual deficit by 2028/29.

Table1 - Forecast Financial Deficits					
	2024/25 £'000	2025/26 £'000	2026/27 £'000	2027/28 £'000	2028/29 £'000
Pessimistic	1,741	2,624	3,093	3,407	3,495
Realistic	1,189	1,309	1,473	1,638	1,658

¹ LACA is the leading professional body representing over 1,000 members drawn from across the school food sector representing public sector and private contract caterers and suppliers to schools, academies and MATs across the UK

Optimistic	624	577	538	592	520
------------	-----	-----	-----	-----	-----

30. Table 2 below shows the school meal price that would be required for EC to breakeven. This analysis shows that at the optimistic forecast, the breakeven meal price is estimated to be £3.32 in 2025/26, rising to £3.56 in 2028/29. These prices are likely to continue to be higher than the UIFSM funding per meal.

	2024/25 £	2025/26 £	2026/27 £	2027/28 £	2028/29 £
Pessimistic	3.49	3.81	4.05	4.32	4.56
Realistic	3.37	3.49	3.62	3.79	3.93
Optimistic	3.24	3.32	3.39	3.49	3.56

31. EC also manages an annual pooled fund on behalf of schools for the maintenance, repair and replacement of catering equipment. This is known as the Catering Support Service Level Agreement (SLA). Schools own the catering equipment in their school kitchen and are currently responsible for the maintenance, repair and replacement of this equipment. Schools can choose to buy into the SLA provided by EC or manage the equipment themselves. This SLA pooled fund is also under financial pressure due to rising costs, aging equipment and loss of school business and would require a significant increase in the charges to schools to remain financially sustainable over the next few years. This service is not usually provided by private sector school meal caterers and therefore Hampshire schools who do not use EC for the provision of meals already manage their own catering equipment.
32. Table 3 below shows the financial actuals and forecasts for the Catering Support SLA. The fund is forecast to be in a £286,000 deficit by 2028/29.

	2023/24 Actuals £	2024/25 Forecast £	2025/26 Forecast £	2027/28 Forecast £	2028/29 Forecast £
Income	(2,200)	(2,099)	(1,937)	(1,788)	(1,650)
Expenditure	2,200	1,938	1,938	1,938	1,938
(Surplus)/Deficit	0	(161)	1	150	286

33. Considering these significant risks to the commercial sustainability of EC and the current financial situation of the County Council, the County Council has carried out an options appraisal to determine the most suitable future service delivery options.

Options Appraisal

34. The following service delivery options have been evaluated:

- Further service efficiencies, including reduced menu options and catering staffing ratios.
- Providing catering services to the Holiday Activities and Food (HAF) programme.
- An alternative service delivery vehicle (e.g. wholly owned Local Authority trading company).
- Regeneration meals; either cook/chill or cook/freeze preparation in a production kitchen, with meals regenerated in school kitchens.
- A managed outsource of the EC service procured directly by the County Council on behalf of schools which opt into this contractual arrangement.
- Closure of EC and schools arrange or procure their catering service with advice and support from the County Council.

35. The options appraisal is summarised in Appendix D. This identifies a managed outsource and service closure as the two preferred options. These preferred options would result in the County Council exiting the school meals market as a service provider, thereby no longer carrying the financial risk associated with service provision. The other options do not sufficiently mitigate the forecast financial risks, and do not provide viable commercial opportunities, for the County Council.

Estimated Implementation and Recurring Costs

36. The estimated total one-off implementation costs for the two preferred options are shown in Table 4 below and will be between £1.7 million to £3.6 million for service closure and between £729,000 and £934,000 for a managed outsource.

Table 4 – One-off implementation costs for each preferred option

	Estimated One-Off Costs	
	Closure £'000	Managed Outsource £'000
Overall project management and co-ordination and liaison with schools	65	32
Advice, Guidance and Template Preparation (procurement, legal etc)	26	26
Procurement	0	95
Hampshire Pension Services	250 – 1,300	55 - 260
Human Resources	152	152
EC Staff Redundancies	1,200 - 2,100	369
Total One-Off Costs	1,693 - 3,643	729 - 934

37. It is recommended that the managed outsource option needs to achieve initial interest from approximately 80% of schools to ensure that the option is worth pursuing and that it maximises the number of EC staff who will qualify for Transfer of Undertakings (Protection of Employment) Regulations 2006 (TUPE) to the new supplier(s). It is likely that the actual costs will be somewhere between the highest and lowest cost estimates as some schools will choose to make their own individual arrangements or work together in small groups of schools to go the market, whilst others join the County Council's managed outsource option.
38. The recurring costs primarily relate to additional Hampshire Pension Services administration and loss of current contribution to County Council overheads for both options. There will also be a contract management cost for the managed outsource option. This contract management cost would be offset by rebate income from the outsourced contract. These recurring costs are shown in Table 5 below and will be between £797,000 to £897,000 for service closure and £573,000 for a managed outsource.

Table 5 – Additional recurring annual costs for each preferred option

	Closure £'000	Managed Outsource £'000
Contract management	0	52
Hampshire Pension Services	50 - 150	50
Loss of existing overhead contribution	747	747
Contract rebate income (1% of contract value)	0	(276)
Total additional recurring annual costs	797 - 897	573

Payback Periods

39. Based on the realistic scenario of forecast financial deficits for EC, the payback periods for each option at minimum and maximum cost estimates are summarised below. Further details are given in Appendix E.
- Closure option (minimum): costs recovered within four years.
 - Closure option (maximum): costs recovered within six years.
 - Outsource option (minimum): costs recovered within two years.
 - Outsource option (maximum): costs recovered in just over two years.

Engagement (consultation) Approach

40. To inform the Executive Member decision, a five week engagement was undertaken directly with existing EC customers (schools and nurseries in Hampshire) from 6 September to 11 October 2024. This engagement sought to gain customers' views on the proposals to discontinue the supply of meals to schools and nurseries and to discontinue services to maintain catering equipment in schools.

41. The engagement survey also asked customers about the following:
- The level of agreement or disagreement with the proposed changes to discontinue services.
 - The level of interest in an arrangement whereby, subject to sufficient sign-up, the County Council would secure and manage the supply of meals to schools and nurseries by an external supplier.
 - If the above arrangement were not viable or of interest, the likelihood of seeking support from the County Council's existing 'catering services for education establishments framework agreement' provided by County Supplies, for sourcing a school or nursery meal supplier.
 - Views on the proposed changes, including comments on how they might be implemented, any impacts these changes could have, and any alternative suggestions as to how the County Council could support schools and nurseries to provide a viable school meals service.
42. Schools (and nurseries) were asked to provide a single agreed response on behalf of the school or nursery, having engaged and incorporated the views of the Board of School Governors or Academy Trust in the response where appropriate.
43. An information pack (see Appendix F) containing details of the proposals, including the online survey questionnaire, was emailed directly to headteachers and managers of nurseries on 6 September 2024. The survey communication plan aimed to maximise engagement and the following activities were undertaken during the five week consultation period to encourage customers to respond to the engagement process:
- Engagement (consultation) email issued to headteachers on 6 September 2024.
 - Notification that the consultation had been issued to headteachers was included in the Governor Services newsletter to school governors in w/c 14 September.
 - Email notification to school business managers / administrative officers on 18 September.
 - Presentation to Primary & Secondary Resources Committee on 25 September.
 - Hampshire Improvement and Advisory Service (HIAS) email reminder directly to headteachers on 1 October.
 - Education Financial Services (EFS) school briefings on 1 and 2 October referenced the engagement process and encouraged school engagement and response.

Engagement Feedback

44. A total of 246 customers responded to the engagement survey. This represents 60% of the total number of customers surveyed. Responses were received from customers in all districts of the County. 30% of schools were in Department for Education (DfE) designated rural areas. 35% of school responses had over 20% of pupils who are eligible for free school meals. The key findings from the engagement are summarised in the following paragraphs and further analysis of the responses are given in Appendix G.
45. There was a majority disagreement with both proposals to discontinue the supply of meals and to withdraw services for the maintenance of catering equipment in schools by the in-house EC service. 66% of respondents disagreed overall and 18% agreed with the proposal to discontinue meal supply. 77% of respondents disagreed overall and 12% agreed with the proposal to discontinue services for maintenance of catering equipment. The respondents most likely to 'disagree' and to 'disagree strongly' with the proposal were nurseries, special schools, small schools, schools in rural areas and schools with over 50% of pupils eligible for free school meals.
46. 73% of respondents were potentially interested in the proposed arrangement for the County Council to secure and manage the supply of meals ('managed outsource'). A further 7% were undecided at this point. Those respondents most likely to be interested in the arrangement included nurseries, special schools, smaller schools and those in rural areas.
47. 65% of respondents were potentially interested in seeking the support of the 'County Supplies catering services for education establishments framework agreement' for sourcing a meal supplier if the managed outsource proposal were not a viable option (e.g. due to insufficient buy-in from schools). A further 16% were undecided at this point. Those respondents most likely to be interested in this arrangement included special schools, smaller schools, schools in rural areas and schools with over 50% of pupils eligible for free school meals.
48. 154 (63%) respondents contributed additional views for consideration. 55% of these highlighted potential negative impacts and 5% highlighted potential positive impacts.
49. These written views indicated that the main reasons for disagreement relate to the negative impacts of:
 - the added burden of responsibility and risks of procuring and managing alternative supplier contracts
 - a lack of capacity and capability to undertake that work
 - the distraction from core business
 - the uncertainty of a successful outcome in the short or long term.

50. Some smaller schools expressed concerns in terms of their capacity to manage their own arrangements and their vulnerability to the market. The financial risks around the withdrawal of catering equipment services were of particular concern.
51. The importance of retaining provision of hot meals of good quality for pupils from deprived communities was highlighted, as was the importance of some essential special dietary requirements, especially in some special schools.
52. A range of additional comments were also provided in the written views covering satisfaction with existing services provided by EC and a preference to retain the existing arrangements. Mention was also made on the value placed on the existing catering staff.
53. The written views submitted also included the following key suggestions:
- the need, as a result of the proposed changes, for support to be provided by the County Council for schools to transition to an alternative supplier of meals and to be able to manage catering equipment proposed alternative delivery model options.
 - a desire for dialogue regarding financial risks and responsibilities and to ensure full engagement throughout the change process in a timely manner.
54. Some concerns with the current service from EC were also mentioned, including the current pricing (particularly the gap between the meal funding and the EC meal price) and in relation to quality and service, with some respondents noting that there had been a reduction in portion size and overall service quality in recent years.
55. Some potential benefits of the proposals were identified as follows:
- Some evidence from other schools who have sourced alternative suppliers of potential of cheaper meals which may help schools realise savings by reducing the gap between meal price and the funding for free school meals.
 - Potential cheaper meals leading to savings for families who pay for them.
 - An opportunity for schools to innovate.

Response to the Key Issues Raised

56. The main concern relating to the capacity and capability of schools to manage their own sourcing and the risks of doing so will be mitigated by the County Council providing a range of support to schools. Regardless of which preferred option is implemented, the County Council is developing written guidance for schools on how to procure and manage both the provision of school meals and maintenance, repair and replacement of catering equipment. This will include the support that is available for schools both

nationally and locally. It will also include advice on staffing related matters, such as TUPE requirements and pension issues. In addition, guidance is being prepared for schools who may wish to provide their own catering service.

57. The preferred options of additional support from the County Council's existing education catering framework agreement or the managed outsource will further address the issues of capacity and capability of schools. The managed outsource would also assist with ensuring special schools and smaller and more rural schools are able to secure a catering service as their needs would be met through the detailed specification and the economies of scale that a managed outsource would provide.
58. The value of the existing catering staff in school kitchens would be retained as all existing kitchen based EC staff would transfer under TUPE provisions to the new catering supplier for each school.
59. The expectation is that schools will be able to achieve a lower meal price from alternative suppliers and that they would have the ability to influence the specification of requirements for their school. Therefore, the potential benefits highlighted by respondents are likely to be realised.

Recommended Service Delivery Option

60. As the customer engagement feedback indicated a 73% interest in a managed outsource option, with 7% of respondents undecided, there is potentially sufficient interest from schools to make a managed outsource a viable option.
61. One of the key concerns identified from the customer engagement is the inability of special schools, smaller and more rural schools to find an alternative supplier (or at least to do so at a reasonable cost/price). The engagement shows that 79% of schools with 100 or fewer pupils on roll, 80% of special schools and 83% of rural schools expressed an interest in the managed outsourced option.
62. The managed outsource is recommended as the future service delivery model for EC. This recommendation takes account of the feedback from the customer engagement both in terms of the interest in a managed outsource and in addressing the potential negative impacts raised. In addition, the implementation cost of a managed outsource is estimated to be up to £2.7 million lower than service closure.
63. The Catering Support SLA for the maintenance, repair and replacement of catering equipment will need to cease as there is no viable alternative arrangement that can be put in place. The private sector does not currently operate this type of pooled fund for a group of schools, and it is not financially sustainable for the County Council to continue to manage this on behalf of schools once the managed outsource has been completed. In future, schools

will retain the funding that they currently use to buy into the pooled fund and can therefore maintain their own equipment, supported by guidance that will be provided by the County Council.

Market Analysis

64. The private sector school meals market is well established both nationally and locally in Hampshire. Suppliers range from small local and regional organisations to large national and multinational organisations. At least 17 private sector school catering suppliers currently operate in Hampshire (see Appendix C).
65. A variety of types of school meal contracting models exist locally and nationally:
- Schools arranging single site contracts.
 - Schools arranging their own group contracts (i.e. several schools either within a geographical area or across geographical areas, which may be the case with Multi Academy Trusts).
 - Multiple local authority managed contracts often lotted on a geographical basis.
 - Single local authority managed contract with one supplier for the whole local authority area.
66. Soft market testing has been carried out with the current 11 catering suppliers on the County Council's education catering framework agreement. They confirmed available capacity and interest to provide catering to Hampshire schools. This includes discussions on an outsourcing model and there are sufficient suppliers in the market with the capacity, capability and interest in bidding for this outsourced arrangement. Market research has also been carried out on recent national school meals procurement exercises, with other local authorities and Public Buying Organisations and there is an active and available market with all contracts being awarded successfully to a wide range of suppliers. Research undertaken by LACA indicates that just over 23% of local authorities in England currently contract with the private sector to provide school meals on behalf of schools (see Appendix H).
67. Formal market engagement will be the first part of the outsourcing procurement process. This will help to inform the procurement strategy and contracting approach. At this stage it is not known whether the outsourcing will be with one or more suppliers. This will be determined by the market feedback and the type, number and geographical spread of schools expressing an interest in joining the managed outsource arrangement. The Director of Children's Services will provide the Executive Member for Education with a regular monthly briefing on progress with the managed outsource procurement.

Key Risks

68. There is a risk that during the procurement of the managed outsource, schools decide to make their own arrangements, rather than waiting for the completion of the managed outsource contract. Both catering suppliers and procurement consultancies are actively seeking business with schools in Hampshire. Loss of schools could undermine the commercial viability of the managed outsource and / or reduce the number of EC staff who meet the TUPE criteria, which would increase the implementation cost due to some staff redundancies.
69. This risk will be mitigated through regular engagement and communication with schools, including through the Primary Heads Executive and directly with schools. As explained above, initial informal market research has indicated a good level of interest in a managed outsource and sufficient market capacity.
70. An additional risk during the life of a managed outsource is that schools decide to leave during the contract. This will be managed through schools signing up for a minimum contract period. Depending on the contracting model that is implemented, it is also likely that schools will be able to choose to join the outsourced contract during its contract term, as well as leave it. Whilst the managed outsource is recommended as the future operating model, the County Council has the option of doing this as a first generation contract only. There would be no obligation to continue to do so for subsequent contracts, unless there was sufficient continued support and buy-in from schools to do so.
71. There is likely to be increased staff turnover due to the decision to no longer provide an in-house school meals service as staff seek other opportunities in light of the uncertainty that such a situation creates for staff. It may also be more difficult to recruit replacement staff into an in-house service which will be ceasing in the near future. This could impact on effective service delivery and will be monitored closely. Contingency plans are currently in place to deal with staff shortages through meals provided from other schools or reverting to a reduced menu, or a cold, rather than hot lunch and these changes are kept as short term as possible. However, the frequency of these contingency plans may increase during the period of the service being outsourced.

Performance

72. The managed outsource should be able to maintain existing levels of performance and could improve on them. Meal uptake is expected to continue at similar levels as there appears to be no significant difference between EC and private sector suppliers' meal uptake in Hampshire (where known). The provision of food in schools, including lunches, is legislated through [The requirements for School Food Regulations 2014](#). All schools and caterers in the education sector must comply with this legislation, and guidance is offered in the [School food standards practical guide](#), which covers The School Food Plan requirements. This legislation ensures school meals are provided to a

specific quality and nutritional standard in England, regardless of whether the catering supplier is public or private sector.

73. As mentioned earlier in this report, it is also expected that a managed outsource will have lower operating costs and therefore achieve a lower meal price for both schools and parents compared to the EC price. This will reduce the impact of the current meal price on school and household budgets.

Equality Impact Assessment

74. An Equalities Impact Assessment has been carried out to determine the impacts of the recommended option to outsource the EC service on both residents / users of the service and EC staff. The main findings of the assessment process were that the proposed managed outsource of the EC service would have a neutral impact on the public (residents / users of the service) in all the protected characteristic categories. This is because they will continue to receive a school meal service as they do currently, though it will be provided by a different school meal caterer. The provision of food in schools, including lunches, is legislated through the School Food Regulations 2014. All schools and caterers in the education sector must comply with this legislation. The County Council's outsourcing contractual arrangement will also specify service requirements and equality of access to school meals for all residents regardless of protected characteristics. It is therefore anticipated that there will be no change to the meal service provided for residents with protected characteristics.
75. The assessment process identified that the managed outsource would have a low negative impact on EC staff who identified as falling within the following protected characteristic categories: Age, Race and Sex.
76. These impacts were identified because, although EC staff are equally represented in the age groups 30-39 years (27.4%), 40-49 years (28.8%) and 50-59 years (28.4%), there is a much smaller number of staff under 30 years of age (3.9%) and over 60 years (11.4%). The proposal to outsource EC will affect 91.4% of EC staff recording their ethnicity as 'white'. In addition, 96% of EC staff are female.
77. In addition, and whilst not specifically a protected characteristic for the purposes of the Equality Act 2010, impacts were identified on 'Poverty' for staff. This is because 92% of Education Catering staff (1,194 people) are on the lowest pay grades (A, B and C) and work part time, term time only.
78. The mitigation for these impacts is that EC staff at all age levels and regardless of race and sex will be impacted in exactly the same way by the decision to outsource EC. All staff are expected to qualify for Transfer of Undertakings (Protection of Employment) Regulations 2006 (TUPE) to the new supplier(s). Staff regardless of age, race or sex will therefore retain their terms and conditions of employment when they transfer to another supplier.

Climate Change Impact Assessment

79. Hampshire County Council utilises two decision-making tools to assess the carbon emissions and resilience impacts of its projects and decisions. These tools provide a clear, robust, and transparent way of assessing how projects, policies and initiatives contribute towards the County Council's climate change targets of being carbon neutral and resilient to the impacts of a 2°C temperature rise by 2050. This process ensures that climate change considerations are built into everything the Authority does.
80. The carbon mitigation tool and climate change adaptation tool were not applicable because there are no climate change implications arising from the recommendations in this report. This report does not make any changes to the type and level of services required to provide school meals. These services will continue to be provided in a similar way to currently. The report relates to mitigating the financial risks to the County Council through the County Council exiting this market, but alternative suppliers will provide services instead of the County Council providing them directly.
81. The recommended managed outsource option will ensure that suppliers are required to have business continuity plans to take account of, and mitigate, climate change impacts on service delivery as part of the procurement process. It is not yet known if there are opportunities for carbon mitigation as services are expected to be on a like for like replacement, however, this will be considered further as part of the procurement process.

Human Resources Implications

82. The recommended option of a managed outsource will affect all staff in the EC service (approximately 1,270 staff). It is assumed that all frontline catering staff based in a specific school kitchen would TUPE to the new catering supplier (or to the school, if they are taking the service in-house). The majority of non-kitchen based EC staff (currently 137 staff) are likely to meet the TUPE criteria in a managed outsource situation and would transfer to the new supplier(s). In the event that some staff are not transferred because they do not meet the TUPE criteria, the County Council would manage this situation in accordance with HR policy. This is likely to be compulsory redundancy, which includes potential re-deployment opportunities within the County Council.

Online eligibility checker service for income-based free school meals

83. EC operates the online eligibility checker for income-based free school meals, which is currently purchased by 545 schools. This system (and contract) would be transferred to another County Council service in Children's Services. It is a useful tool for other services (e.g. HAF programme, Special Educational Needs) and would continue to be promoted by the County Council to Hampshire residents to ensure maximum take-up of free school meals for children in need. It would also continue to be provided as a sold service to schools. There are no identified financial risks to the County

Council of providing this service as it remains a commercially viable service with clear benefits for schools and Hampshire residents. This tool is only available to public sector organisations and therefore could not be provided to schools by a private sector caterer.

Conclusions

84. It is no longer financially and commercially viable for the County Council to continue to operate an in-house EC service to schools. This is due to rising costs and meal funding not keeping pace with the increased costs.
85. EC is unable to compete effectively in the marketplace on price, with private sector suppliers having a lower cost base, and therefore this has led to a loss of business for EC.
86. As there is a well-established private sector school meals market in Hampshire, alternative service delivery options are already available to schools. Schools and parents can achieve a lower meal price by using suppliers other than EC, which assists with mitigating schools' budget pressures.
87. Children and young people in Hampshire will continue to receive school meals which meet the school food standards, with meals provided by private sector caterers instead of the County Council's in-house EC service.
88. The feedback from the engagement with schools indicated that there was considerable support for the County Council to manage the outsourcing of the EC service on behalf of schools. This will mitigate the financial risks for the County Council and is the lowest implementation cost option, whilst maintaining a school meals service in Hampshire that will be compliant with all relevant legislation, including the school food standards.

REQUIRED CORPORATE AND LEGAL INFORMATION:

Links to the Strategic Plan

Hampshire maintains strong and sustainable economic growth and prosperity:	No
People in Hampshire live safe, healthy and independent lives:	Yes
People in Hampshire enjoy a rich and diverse environment:	No
People in Hampshire enjoy being part of strong, inclusive communities:	No

Section 100 D - Local Government Act 1972 - background documents

The following documents discuss facts or matters on which this report, or an important part of it, is based and have been relied upon to a material extent in the preparation of this report. (NB: the list excludes published works and any documents which disclose exempt or confidential information as defined in the Act.)

Document

Location

None

EQUALITIES IMPACT ASSESSMENT:

Equality Duty

The County Council has a duty under Section 149 of the Equality Act 2010 ('the Act') to have due regard in the exercise of its functions to the need to:

- Eliminate discrimination, harassment and victimisation and any other conduct prohibited by or under the Act with regard to the protected characteristics as set out in section 4 of the Act (age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex and sexual orientation);
- Advance equality of opportunity between persons who share a relevant protected characteristic within section 149(7) of the Act (age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, sex and sexual orientation) and those who do not share it;
- Foster good relations between persons who share a relevant protected characteristic within section 149(7) of the Act (see above) and persons who do not share it.

Due regard in this context involves having due regard in particular to:

- The need to remove or minimise disadvantages suffered by persons sharing a relevant protected characteristic that are connected to that characteristic;
- Take steps to meet the needs of persons sharing a relevant protected characteristic that are different from the needs of persons who do not share it;
- Encourage persons sharing a relevant protected characteristic to participate in public life or in any other activity in which participation by such persons is disproportionately low.

Equalities Impact Assessment:

An Equalities Impact Assessment has been carried out to determine the impacts of these recommendations on both residents / users of the service, and staff that would be affected should they be approved. The main findings of the assessment process were that the proposed managed outsource of the EC service would have a neutral impact on the public (residents / users of the service) in all the protected characteristic categories. This is because they will continue to receive a school meal service as they do currently, but it will be provided by a different school meal caterer. The provision of food in schools, including lunches, is legislated through [The requirements for School Food Regulations 2014](#). All schools and caterers in the education sector must comply with this legislation, and guidance is offered in the [School food standards practical guide](#), which covers The School Food Plan requirements. This legislation ensures school meals are provided to a specific quality and nutritional standard in England, regardless of whether the catering supplier is public or private sector. It is therefore anticipated that there will be no change to the meal service provided for people with protected characteristics.

The assessment process identified that the managed outsource would have a low negative impact on people who identified as falling within the following protected characteristic categories:

- Age
- Race
- Sex

These impacts were identified because Education Catering staff are equally represented in the age groups 30-39 years (27.4%), 40-49 years (28.8%) and 50-59 years (28.4%), but there is a much smaller number of staff under 30 years of age (3.9%) and over 60 years (11.4%). The proposal to outsource EC will have a higher impact on staff regarding themselves as 'white', with 91.4% of EC staff recording their ethnicity as 'white' and the decision will therefore have a greater impact on this group of staff. In addition, 96% of the EC team is female

Staff at all age levels and regardless of race and sex will be impacted in exactly the same way by the decision to outsource EC. All staff are expected to qualify for Transfer of Undertakings (Protection of Employment) Regulations 2006 (TUPE) to the new supplier(s). Staff regardless of age, race or sex will therefore retain their terms and conditions of employment when they move to another supplier.

In addition, and whilst not specifically protected characteristics for the purposes of the Equality Act 2010, impacts were identified on Poverty for staff. This is because 92% of Education Catering staff (1,194 people) are on the lowest pay grades (A, B and C) and work part time, term time only. These staff will have a change of employer. It is expected that all these staff will qualify for Transfer of Undertakings (Protection of Employment) Regulations 2006 (TUPE) to the new supplier(s). These staff will therefore will retain their terms and conditions of employment when they move to another supplier.

Statutory Duty for School Meals

Section 512 of the Education Act 1996, as amended, places a duty on maintained schools, academies and free schools to provide free school meals to pupils of all ages that meet the eligibility criteria. Pupils are eligible for a free school lunch if (i) they are in Reception, Year 1, or Year 2 (i.e. Universal Infant Free School Meals) or (ii) their parents are in receipt of one or more of a list of benefits.

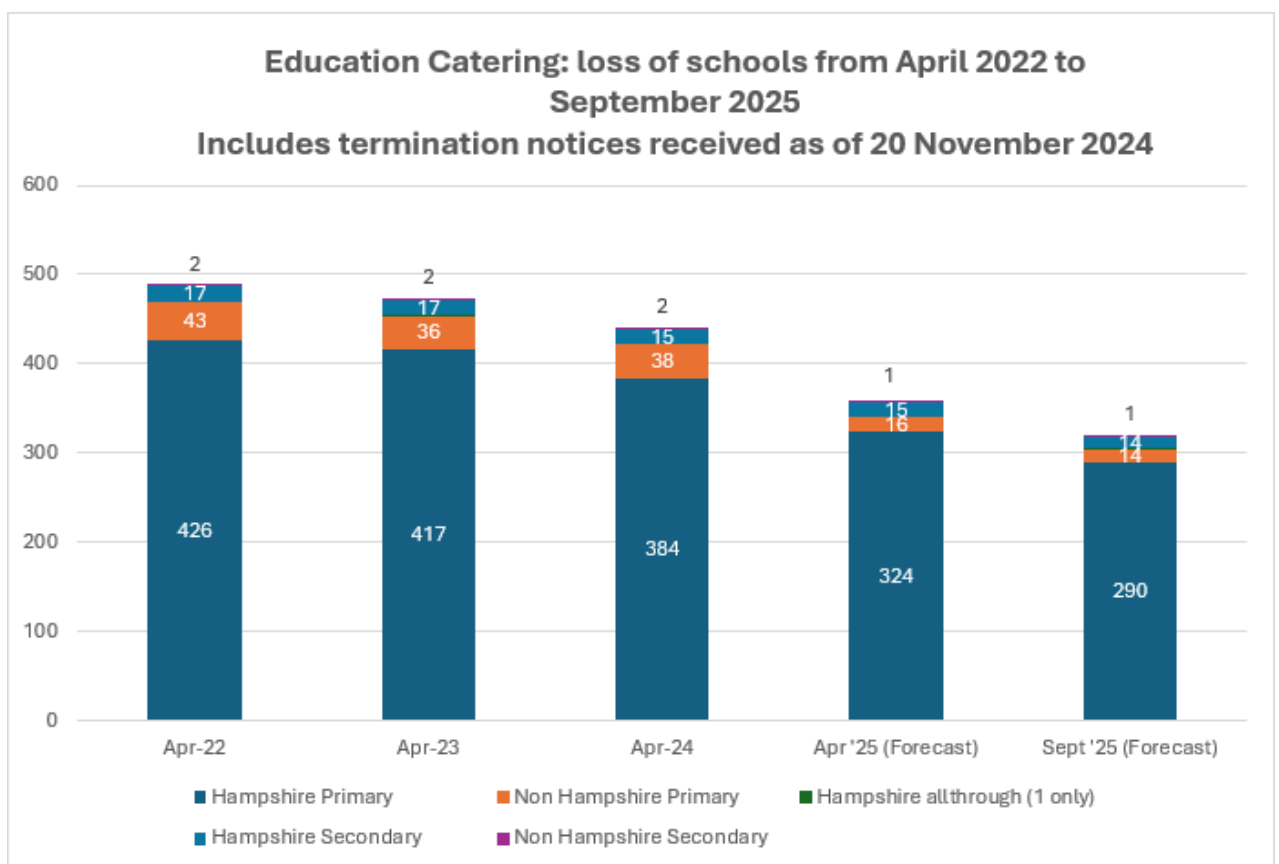
Section 512(1) of the Education Act 1996 gives local authorities the power to provide children at a school with “milk, meals and other refreshments”. This section gives the power, not the duty. Section 512(3) states that the power above becomes a duty on the local authority, either if that service is requested by a person entitled to free school meals or if it is ‘not unreasonable’ for that service to be provided.

Whilst maintained schools have delegated responsibility for entering into arrangements for providing free school meals, if for any reason the arrangements break down, the duty to provide those meals still ultimately sits with the local authority. Section 512(3) makes sure the County Council is the safety net. However, within that duty there is no requirement for the County Council to provide an in-house school catering service.

Education Catering loss of business trend from 2022 to 2025

The graph below shows that between April 2022 and September 2025, the Education Catering service will have lost business with 168 schools, which is a 34% reduction over 42 months.

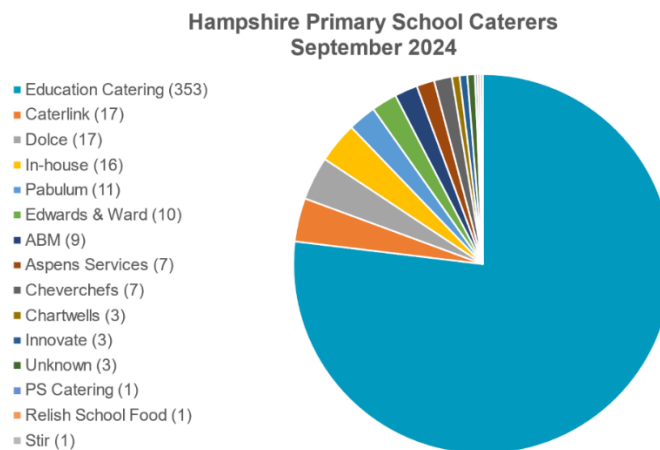
This takes account of schools which have given notice, or for which Education Catering has decided not to re-tender, as at 20 November 2024. More schools may give notice in the next few months to leave by September 2025.



Hampshire School Meals – Supplier Market Share

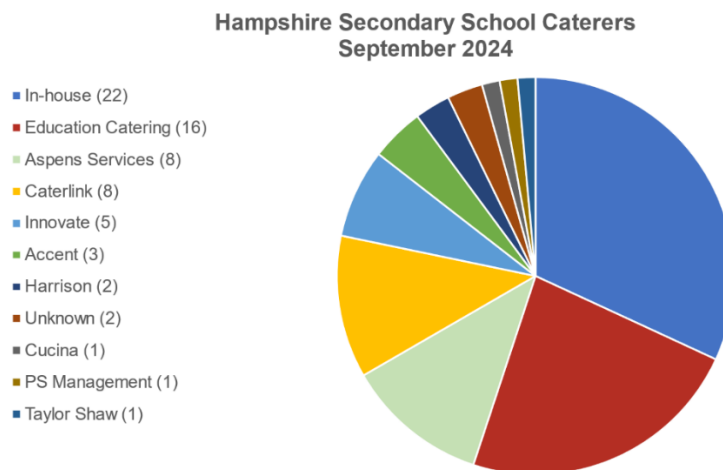
The two charts below show the current school meals market share in Hampshire by supplier (where known) for primary schools and secondary schools respectively.

Primary School Caterers – Market Analysis



Children's Services

Secondary School Caterers – Market Analysis



Children's Services

Summary Options Appraisal

	Further Service Efficiencies	Holidays Activities and Food (HAF)	Local Authority Trading Company	Regeneration Meals	Managed Outsourcing	Service Closure
Description	Further reduction in food costs, staffing ratios, operational management and support services.	Providing catering to HAF schemes in addition to current business.	Delivering services through a company limited by shares and wholly owned by the Hampshire County Council (HCC).	Replacing meals freshly cooked locally in school kitchens with meals produced in a central production unit using cook/chill or cook/freeze methods.	Outsource the current service to the private sector through a competitive procurement process led, and managed, by HCC.	Close the in-house business unit and provide guidance to schools on procuring their own school catering service.
Benefits	<p>Potential lower costs.</p> <p>May increase financial contribution to HCC overheads.</p> <p>Provides continuity of service for schools.</p> <p>Low implementation costs.</p>	<p>Provides additional income for the service.</p> <p>Provides continuity of service for schools.</p>	<p>Alternative pension arrangements and other staff terms and conditions would reduce costs over time with staff turnover.</p> <p>May provide share dividends to HCC.</p>	<p>May reduce overall unit costs.</p> <p>Reduced food waste and greater control of actual food costs in one production unit compared to meals prepared locally in c. 400 kitchens.</p>	<p>Financial risk to HCC would be reduced relatively quickly (c. 15-18 months to implement).</p> <p>Unlikely to be any staff redundancy costs as all current EC staff would meet TUPE requirements and would transfer to the new supplier.</p> <p>Leverage the buying power of many schools in a group</p>	<p>Transfer of financial, operational and service delivery risks from HCC to schools.</p> <p>Schools have the flexibility and choice to select their own supplier or choose to provide their own catering service in-house.</p> <p>Likely to be experienced supplier(s) in the market who can bring wider expertise</p>

	Further Service Efficiencies	Holidays Activities and Food (HAF)	Local Authority Trading Company	Regeneration Meals	Managed Outsourcing	Service Closure
					<p>contract to obtain the best price.</p> <p>Retain some oversight of meal quality through contract management by HCC.</p> <p>Reduce the risk of schools being unable to source a supplier if they approached the market as individual schools.</p> <p>May secure supply for small, rural and special schools due to economies of scale from a large contract.</p> <p>Likely to be experienced supplier(s) in the market who can bring wider expertise of food procurement, service quality, innovation, best</p>	<p>of food procurement, service quality, innovation, best value pricing and potential investment.</p> <p>May achieve a lower meal price for schools and Hampshire residents.</p> <p>HCC would not be liable for any future staff redundancy payments for staff who TUPE to the new supplier(s).</p> <p>Schools could source professional support and advice (e.g. procurement, legal etc) from a variety of existing suppliers both in the public and private sectors.</p> <p>Would allow HCC to exit from a highly competitive and well-established</p>

	Further Service Efficiencies	Holidays Activities and Food (HAF)	Local Authority Trading Company	Regeneration Meals	Managed Outsourcing	Service Closure
					<p>value pricing and potential investment.</p> <p>May achieve a lower meal price for schools and Hampshire residents, especially with economies of scale from large contract(s).</p> <p>HCC would not be liable for any future staff redundancy payments for staff who TUPE to the new supplier(s).</p> <p>Large contract (up to £37m p.a.) likely to be attractive to the market.</p> <p>Would retain some HCC influence on appropriate and consistent meal quality standards across Hampshire through contractual arrangements and</p>	<p>marketplace and focus its resources on statutory services.</p> <p>Well-established private sector school meal market both nationally and locally in Hampshire available to schools to access.</p>

	Further Service Efficiencies	Holidays Activities and Food (HAF)	Local Authority Trading Company	Regeneration Meals	Managed Outsourcing	Service Closure
					<p>contract management.</p> <p>May assist with retaining good relationships with schools by continuing to support them with facilitating service delivery.</p> <p>Compliant with the new Procurement Act.</p>	
Disbenefits / Risks	<p>May damage HCC reputation by providing lower quality services and reduce menu options including reduce allergen options.</p> <p>Financial and service delivery risks remain with HCC.</p> <p>No guarantee that the costs reductions would be sufficient to offset future inflationary cost increases and may not ensure long term</p>	<p>Pilot demonstrated that EC could not provide the service at lower cost than the existing catering suppliers.</p> <p>Not commercially viable as no profit margin can be achieved compared to current market prices.</p> <p>Would need to change staff terms and conditions which</p>	<p>Additional support services and senior management costs required by the company would be higher than current in-house costs.</p> <p>Net cost reduction occurs gradually over 10 years due to staff turnover.</p> <p>Cost reduction would not reduce the meal price sufficiently to compete in the marketplace for at least 6-8 years,</p>	<p>Very limited market competition for regeneration of school meals.</p> <p>Local school kitchen staff costs would not reduce significantly due to carrying out other tasks, such as laying out tables, dining hall cleaning etc.</p> <p>c. £1.2m initial kitchen equipment replacement costs to enable regen of</p>	<p>Procurement and contract management would need to be undertaken by the County Council on behalf of schools, therefore still retaining a role in the delivery of the school meals service, which is the responsibility of schools to provide.</p> <p>There may not be sufficient suppliers with the capability to</p>	<p>Private sector market may not have sufficient capacity to respond to and mobilise c. 400+ tenders/contracts in a defined period.</p> <p>One-off workload and financial costs for the County Council and schools involving TUPE of staff, LGPS implications and procurement for c. 400+ schools.</p>

	Further Service Efficiencies	Holidays Activities and Food (HAF)	Local Authority Trading Company	Regeneration Meals	Managed Outsourcing	Service Closure
	<p>financial and commercial sustainability.</p> <p>Any future redundancy costs would be the liability of HCC.</p> <p>Any future business investment requirements may not be affordable for HCC.</p> <p>Operating costs would still be higher than the private sector due to local government staff terms and conditions and higher pension costs.</p> <p>On-going loss of business as schools seek a lower meal price in the market.</p> <p>Menus would be restricted and only cater for the core 14 allergens.</p>	<p>are currently term time only.</p> <p>Difficulties with staff recruitment for school holiday provision.</p> <p>No economies of scale as HAF schemes are relatively small compared to current levels of ECS business.</p> <p>HAF funding may not be long term.</p>	<p>based on staff turnover.</p> <p>Counsel legal advice that the 'Teckal' exemption under the Procurement Regulations cannot be relied upon to enable schools to directly award their business to the company. This is a key risk for both customer retention and long-term financial sustainability.</p> <p>Financial and service delivery risks would still sit with the County Council as shareholder.</p> <p>No guarantees that schools will choose to use the company and the company may lose business over time.</p>	<p>meals locally in schools.</p> <p>There are currently no suitable production facilities available to lease in Hampshire.</p> <p>Running costs of a central production unit of approximately £1.2m a year, plus one-off costs for the purchase and fit out of the central production unit c. £1.1 million.</p> <p>It is unlikely that the school meal regeneration market will start to develop for at least the next 3-5 years and therefore is not a viable service delivery option soon enough to mitigate financial pressures.</p> <p>EC has very limited experience and</p>	<p>fulfil such a large contract to ensure good market competition.</p> <p>One-off implementation cost of supporting the outsource including HR, legal, pensions, and procurement staff. Though this is lower cost than regen or service closure.</p> <p>Uncertainty on how many schools would want to join the contract rather than making their own arrangements.</p> <p>No guarantee the successful supplier will accept all schools into the contract (i.e. small / rural / special schools). Though this risk will be easier to mitigate than service closure</p>	<p>Risk that some schools, especially small rural schools and special schools, may not find a supplier interested in their contract. The duty to provide free school meals at maintained schools ultimately sits with the County Council.</p> <p>Reputational issue with making staff redundant and creating additional work for schools.</p> <p>Loss of relationships with schools through withdrawal of the catering service.</p> <p>Risk that schools do not comply with Procurement Regulations and the County Council's Contract Standing Orders, TUPE and LGPS requirements and incur financial</p>

	Further Service Efficiencies	Holidays Activities and Food (HAF)	Local Authority Trading Company	Regeneration Meals	Managed Outsourcing	Service Closure
	<p>Staffing levels would limit staff absence cover and increase the frequency of providing cold meals only.</p> <p>Limited business development and promotional activity which may see a reduction in the number of customers, and turnover, over time.</p> <p>Loss of business would lead to further loss of economies of scale.</p>			<p>knowledge in this market and would need to buy some advice and support at least for implementation and knowledge transfer to staff and for staff upskilling and training.</p>	<p>and schools making their own arrangements.</p> <p>Risk of supplier failure, withdrawal or decision to give notice to less commercially viable schools during the life of the contract.</p> <p>Risk at the end of the first generation contract of schools leaving at that point and not joining a subsequent contract, making that second generation contract less commercially attractive to the market.</p> <p>Reputational risk to the County Council if there are any service delivery issues with the new supplier and/or if service quality reduces.</p>	<p>penalties (further work required to confirm where liabilities sit and how best to minimise risk).</p> <p>Potential increase to contracted food prices for County Council services due to reduced buying power</p>

	Further Service Efficiencies	Holidays Activities and Food (HAF)	Local Authority Trading Company	Regeneration Meals	Managed Outsourcing	Service Closure
					<p>Potential increase to contracted food prices for County Council services due to reduced buying power.</p> <p>If many schools decide to make their own arrangements, this may then lead to some redundancy costs for the County Council as support staff may then not meet TUPE requirements.</p>	
Options Evaluation Criteria						
Financial sustainability for HCC.	1	0	2	0	4	3
Operational viability.	2	1	2	1	4	3
Minimise service delivery risk to HCC.	1	0	2	1	3	4

	Further Service Efficiencies	Holidays Activities and Food (HAF)	Local Authority Trading Company	Regeneration Meals	Managed Outsourcing	Service Closure
TOTAL SCORE	4	1	6	2	11	10
Ranking of Options	4th	6th	3rd	5th	1st	2nd

Options evaluation criteria scoring : 1 = does not meet criteria at all; 4 = fully meets criteria

Appendix E

PAYBACK: CLOSURE at End of Year 1

	Year 1	Year 2	Year 3	Year 4	Year 5
	£'000	£'000	£'000	£'000	£'000
Forecast deficit	1,309	1,473	1,638	1,658	1,688
Cumulative Forecast deficit	1,309	2,782	4,420	6,078	7,766
Minimum costs					
One Off	1,693				
Recurring	1,309	797	797	797	797
Total Minimum Costs	3,002	797	797	797	797
Cumulative Minimum Costs	3,002	3,799	4,596	5,393	6,190
Cumulative Difference (Payback)	1,693	1,017	176	(685)	(1,576)
Maximum costs					
One Off	3,643				
Recurring	1,309	897	897	897	897
Total Maximum Costs	4,952	897	897	897	897
Cumulative Maximum Costs	4,952	5,849	6,746	7,643	8,540
Cumulative Difference (Payback)	3,643	3,067	2,326	1,565	774

PAYBACK - Outsource at End of Year 1

	Year 1	Year 2	Year 3	Year 4	Year 5
	£'000	£'000	£'000	£'000	£'000
Forecast deficit	1,309	1,473	1,638	1,658	1,688
Cumulative Forecast deficit	1,309	2,782	4,420	6,078	7,766
Minimum costs					
One Off	729				
Recurring	1,309	573	573	573	573
Total Minimum Costs	2,038	573	573	573	573
Cumulative Minimum Costs	2,038	2,611	3,184	3,757	4,330
Cumulative Difference (Payback)	729	(171)	(1,236)	(2,321)	(3,436)
Maximum costs					
One Off	934				
Recurring	1,309	573	573	573	573
Total Maximum Costs	2,243	573	573	573	573
Cumulative Maximum Costs	2,243	2,816	3,389	3,962	4,535
Cumulative Difference (Payback)	934	34	(1,031)	(2,116)	(3,231)

Appendix F

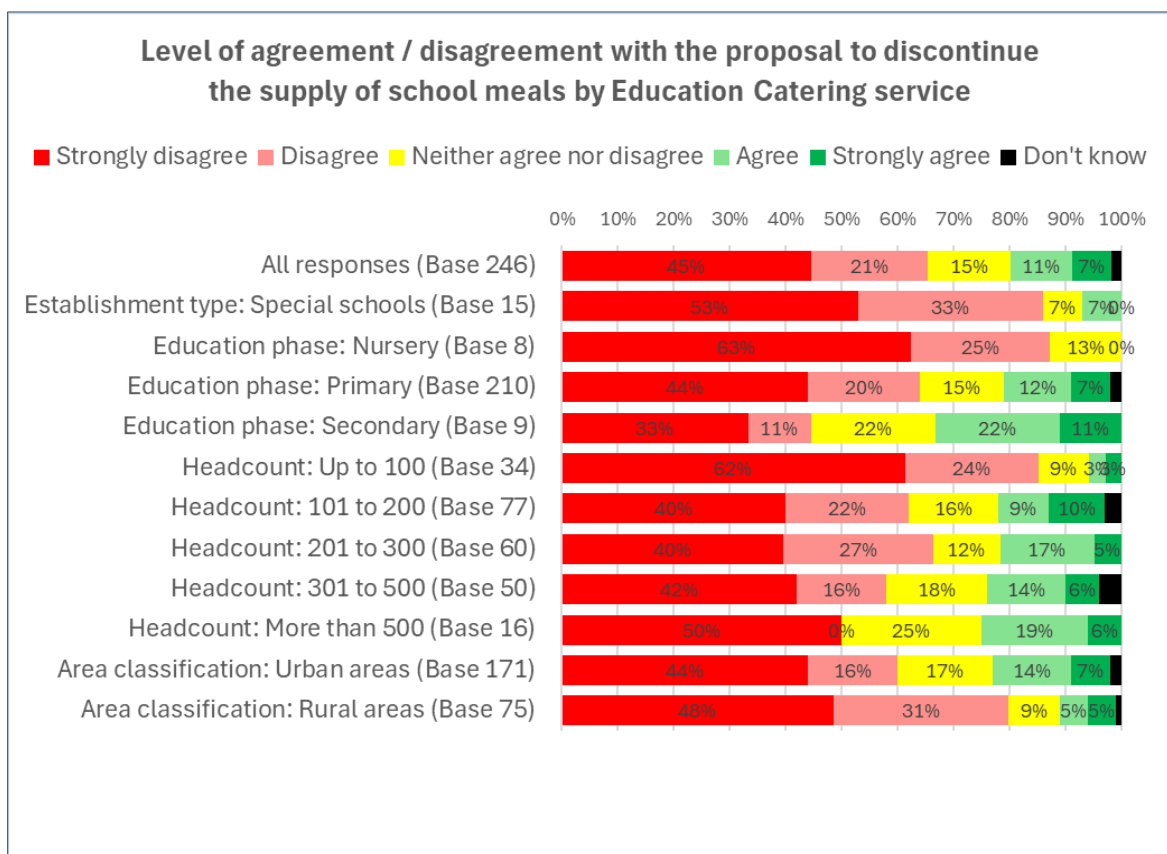
School Engagement Pack and Survey Questionnaire

(Please see separate appendix attachment)

**Feedback from the Engagement with EC Customers
(schools and nurseries)**

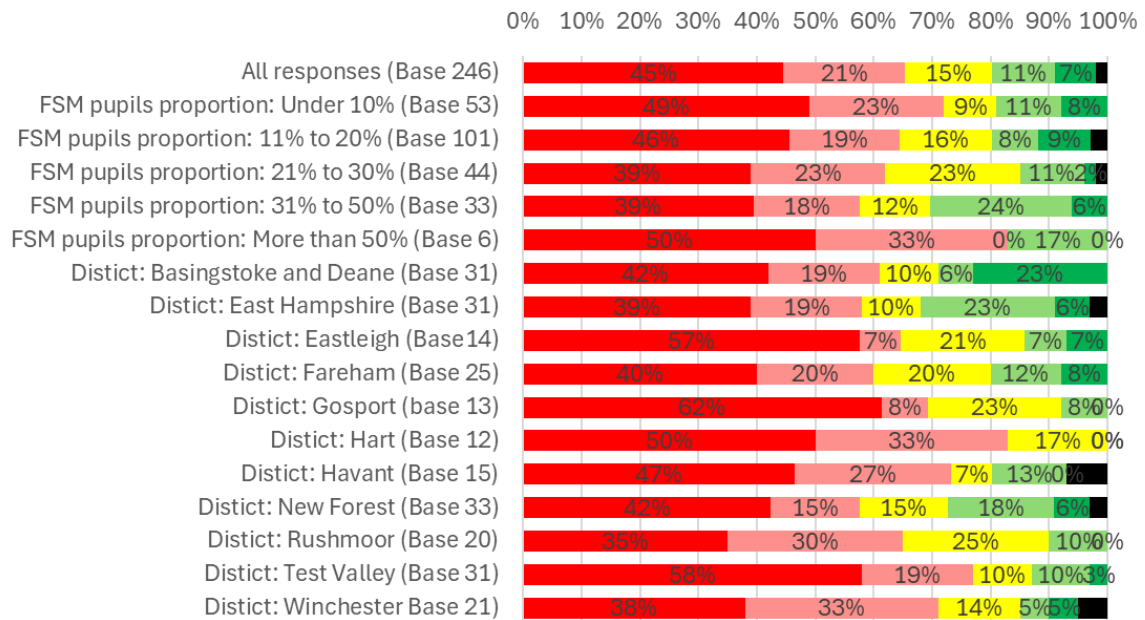
Level of agreement with proposal to discontinue supply of meals

- There was considerable disagreement with the proposal. 66% of respondents disagreed overall and 18% agreed.
- The respondents most likely to disagree and to disagree strongly with the proposal were nurseries, special schools, small schools, schools in rural areas and schools with over 50% of pupils eligible for free school meals.
- The districts with the highest percentage of schools disagreeing were Hart, Havant and Test Valley.
- Although there are fewer respondents, secondary and larger schools were more likely to support the proposal.



Level of agreement / disagreement with the proposal to discontinue the supply of school meals by Education Catering service

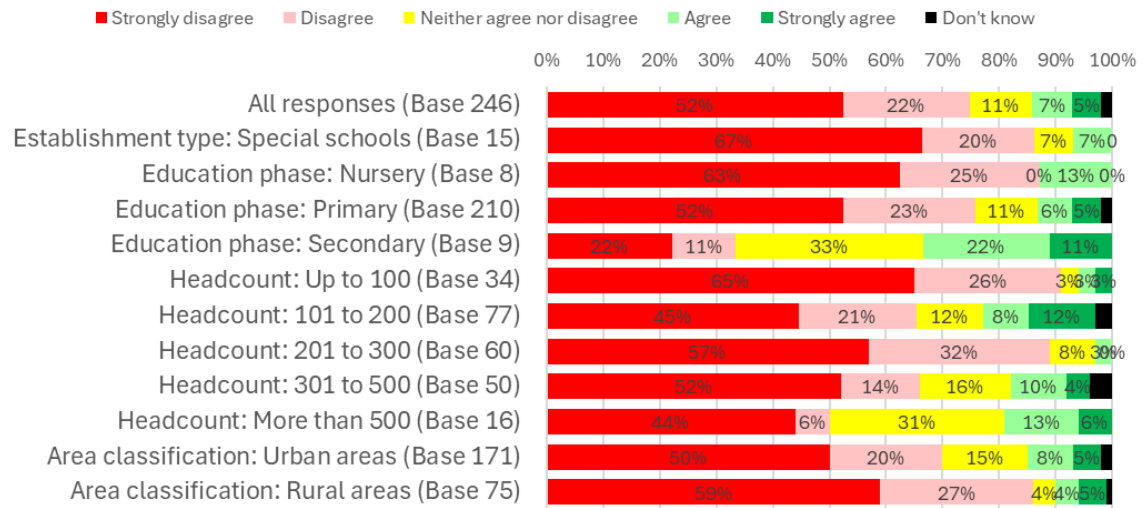
■ Strongly disagree
 ■ Disagree
 ■ Neither agree nor disagree
 ■ Agree
 ■ Strongly agree
 ■ Don't know



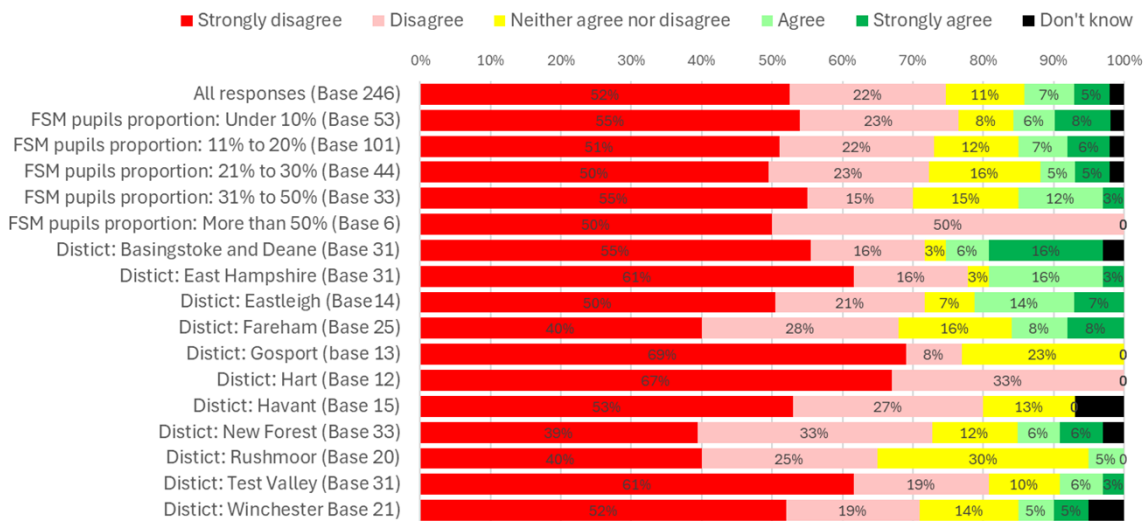
Level of agreement with proposal to discontinue services for maintaining catering equipment in schools

- There was considerable disagreement with the proposal. 77% of respondents disagreed overall and 12% agreed.
- The respondents most likely to disagree and to disagree strongly with the proposal were nurseries, special schools, small schools, schools in rural areas and schools with over 50% of pupils eligible for free school meals.
- The districts with the highest percentage of schools disagreeing were Hart, Havant and Test Valley.
- Although there are fewer respondents, secondary and larger schools were more likely to support the proposal.

Level of agreement/ disagreement with the proposal to withdraw services for the maintenance of school catering equipment



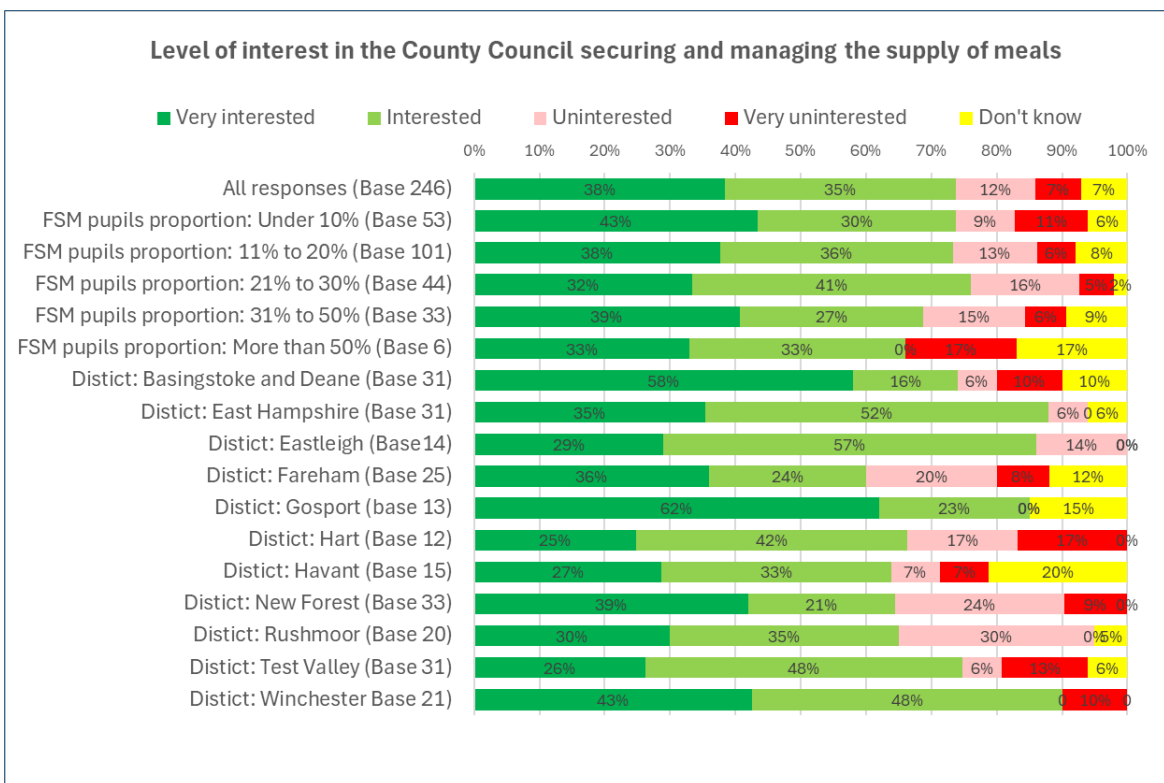
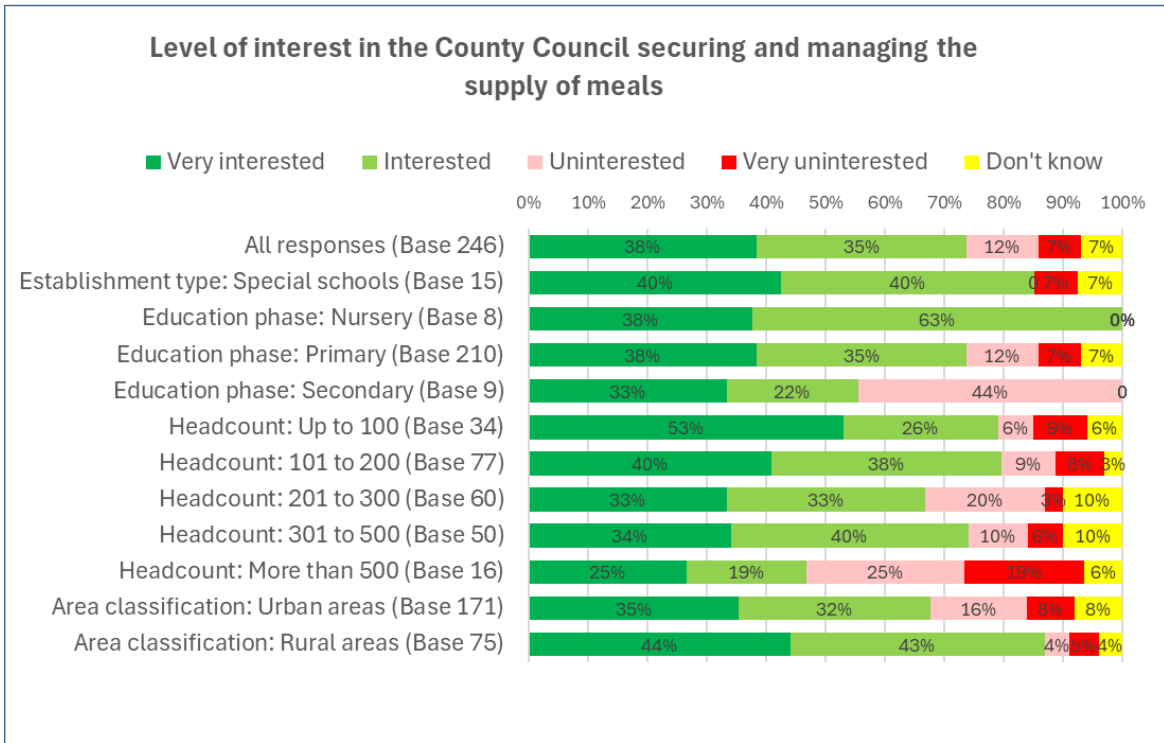
Level of agreement/ disagreement with the proposal to withdraw services for the maintenance of school catering equipment



Level of interest in the County Council securing and managing the supply of meals from an external supplier

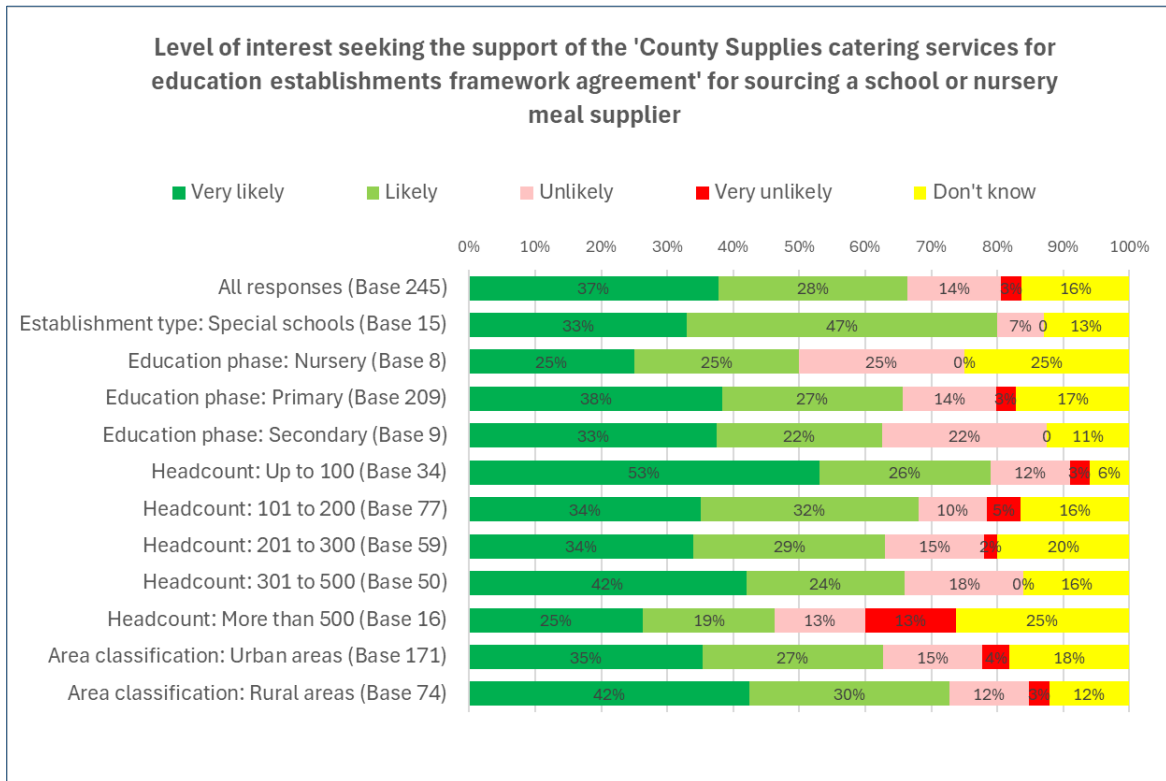
- 73% of respondents were potentially interested in this proposal with 7% undecided at this point.
- Respondents most likely to be interested in the arrangement included nurseries, special schools, smaller schools and those in rural areas.

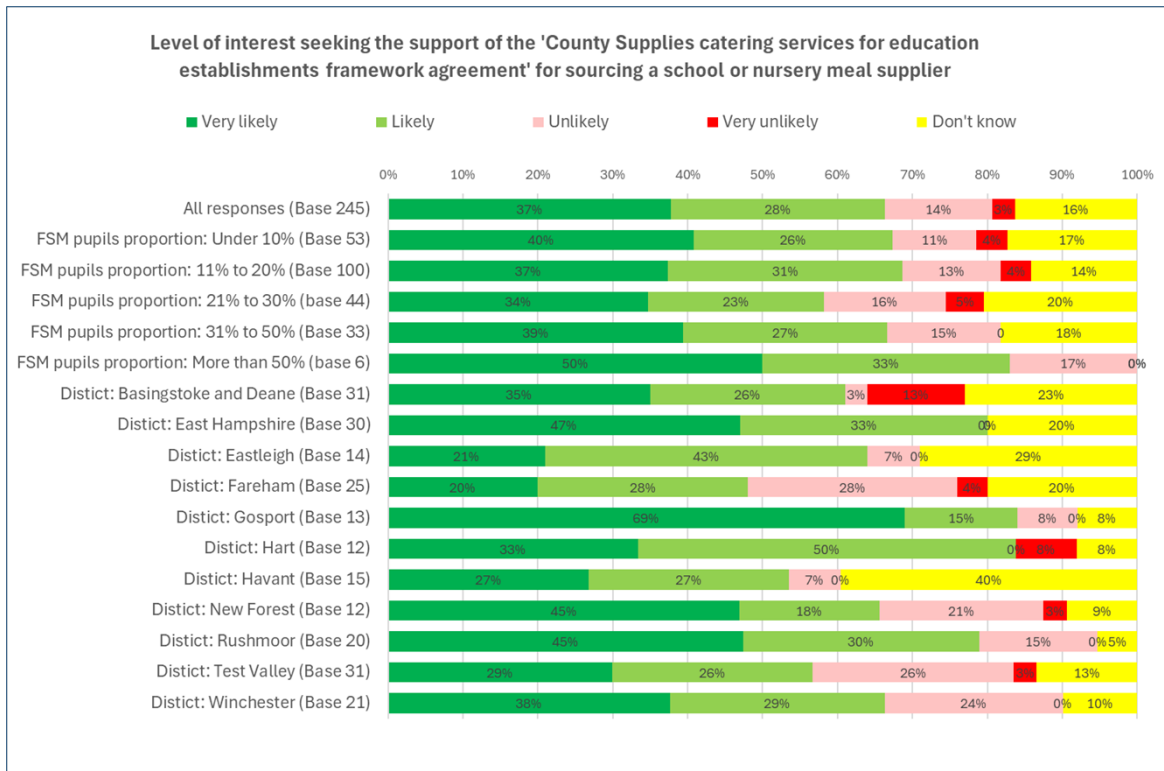
- Schools with the highest percentage interest were in Winchester, Gosport, Eastleigh and East Hampshire.



Level of interest in seeking the support of the 'County Supplies catering services for education establishments framework agreement' for sourcing a meal supplier

- 65% of respondents were potentially interested in this proposal in the event the previous proposal was not viable, or if establishments preferred to self-procure, with a further 16% undecided at this point.
- Those respondents most likely to be interested in the arrangement included special schools, smaller schools, schools in rural areas and schools with the highest percentage of pupils eligible for free school meals.
- Schools with the highest percentage interest were in East Hants, Gosport and Hart.





Written views on the proposals

154 respondents contributed additional views for consideration. 55% of these highlighted potential negative impacts; 5% highlighted potential positive impacts; 34% contained suggestions; and 64% contained additional comments. These are summarised below.

Potential negative impacts

55% of comments highlighted potential negative impacts of the proposals.

- a) The concern most frequently highlighted (appearing in 23% of all written views) was in relation to the added responsibility placed on schools to secure an effective and safe service. A number of schools commented that this was likely to be a resource intensive distraction from the core business of schools which was to educate children. This also raised issues over the financial and legal risks being taken on by schools. Several schools were particularly concerned about the management and liabilities around catering equipment ownership and maintenance.
- b) A related concern (highlighted in 20% of all written views) was the lack of skills and capacity to undertake a procurement process and manage a contract effectively in-house.
- c) Smaller and rural schools were especially concerned that they would be disadvantaged through increased price and lack of capacity and skills.
- d) Several establishments expressed concerns that moving to an external supplier risked higher costs over time and potentially poorer quality and value. A number of schools emphasised the importance of ensuring that children

were well nourished for learning and development, and a number highlighted the added importance of school meals for some deprived children.

- e) Importantly, attention was drawn to very essential specific dietary requirements and the importance of maintaining the quality of understanding and delivery which was already in place.
- f) The issue of the impact of change on catering staff morale and future conditions was raised.

Potential positive impacts

A small number of the views (5%) highlighted potential benefits of the proposals:

- a) Some evidence from other schools who have sourced alternative supplies of potential of cheaper meals which may help schools realise savings by reducing the gap between meal price and the reimbursement for free school meals.
- b) Potential cheaper meals leading to savings for families who pay for them.
- c) An opportunity for schools to innovate.

Suggestions

34% of the views received included suggestions. The key themes of these were:

- a) the need, as a result of the proposed changes, for support to be provided by the County Council for schools to transition to an alternative supplier of meals and to be able to manage catering equipment proposed alternative delivery model options.
- b) a desire for dialogue regarding financial risks and responsibilities and to ensure full engagement throughout the change process in a timely manner.
- c) considerations for a future contract arrangement.

Additional comments

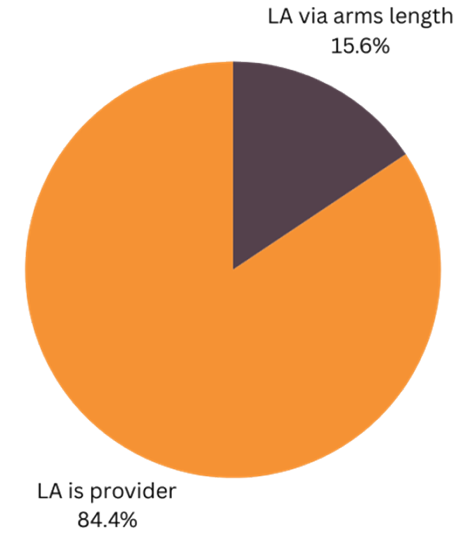
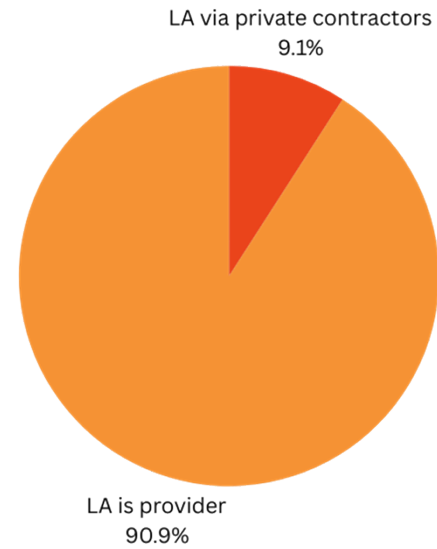
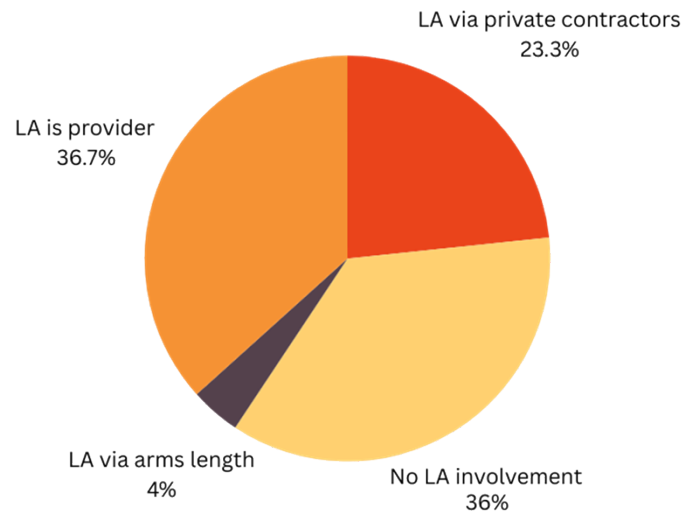
A range of additional comments were provided in the written views including:

- a) satisfaction with existing services and a preference to retain the existing arrangements.
- b) the value placed on existing catering staff.
- c) concerns with existing pricing.
- d) concerns with existing quality and service.
- e) concerns around the price/ funding gap.
- f) areas for further clarification and information.
- g) concerns around the County Council's motivation of the proposals.

Local Authority (LA) Involvement in School Meal Provision

(source: LACA² 'the school food people')

89.



² LACA is the leading professional body representing over 1,000 members drawn from across the school food sector representing public sector and private contract caterers and suppliers to schools, academies and MATs across the UK.